

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

Indian sugar prices remained steady in almost all over markets on Friday. The prices are expected to remain steady for coming few days due to less demand and higher sales quota as per the consumption. Kolhapur sugar market prices stood same at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3325INR.

Recently the central government has fixed around 10,000 tonnes of sugar of export quota to the European Union for the period starting from 1st Nov'19 to 30th Sep'20 under CXL concession. By availing the CXL concession on export to the EU, traders can export sugar at relatively low or zero customs duty. The central government is putting efforts in making new sugar export policy to cut the hindrance faced by the country this year. New policy should be released in the coming days to ease the export supply and curbing the sugar stocks by the sugar mills.

The sugarcane area in Marathwada and vidarbha region in Maharashtra have been affected severely due to weaker monsoon this year. The availability of green fodder has declined adversely in these areas for the cattle, therefore, farmers are uprooting the dried sugarcane for fodder purpose. According to Agriwatch estimates, sugarcane crop would be reduced by around 25% in Maharashtra due to less rainfall, diversion in fodder.

The area under sugarcane has slightly risen to 20,369 ha from 16,275 ha previous year also higher than normal area as on 24th July at 17,866 ha in Telangana. The area planting under sugarcane has almost been completed in the state.

Weather Forecast:

Moderate to heavy with very isolated heavy rains can be seen over parts of Assam, Meghalaya, Sub-Himalayan West Bengal and Sikkim, parts of Bihar and East Uttar Pradesh. Light to moderate with few heavy spells can be seen over Konkan and Goa and Coastal Karnataka. Light to moderate rains is likely over Himachal Pradesh, Uttarakhand, Coastal Andhra Pradesh, South Chhattisgarh, Kerala, South Gujarat, parts of Telangana, Marathwada and Madhya Maharashtra. Scattered light rains with one or two moderate spells are a possibility over Jammu and Kashmir, Interior Karnataka, Tamil Nadu, Jharkhand, Gangetic West Bengal, Odisha, Madhya Pradesh, West Uttar Pradesh, parts of Rajasthan with isolated rain and thundershowers over Punjab, Haryana, and Delhi.

Previous Updates:

Government has approved to increase the buffer stock to 40 lakh tonnes from 30 lakh tonnes for one year starting from 1st August to 31st July'20 2019-20 season. For this, the Central government would incur the estimated maximum expenditure of Rs 1,674 crore. This created a relief among the sugar mills across the country.

Gorakhpur mill in Uttar Pradesh is also likely to produce ethanol from sugarcane as directed by the government. Although the state has produced around 42.37 crore litres and is expected to increase upto 81.36 crore litres of ethanol. Uttar Pradesh has around 16-17% diversion to jiggery which is likely to surge in the coming season as state government has issued 86 new licenses for setting up of jiggery

units. This increase in diversion would be able to curb the sugar stocks and thereby increasing the sugar prices.

In Brazil, at the beginning of the current harvest until July 1, the total crushing reached 216.88 million tons, down 3.02% from the 223.65 million tons observed in the same period last year. In the current season, sugar production totaled 8.91 million tons, compared to 9.78 million tons in 2018. Accumulated ethanol production totaled 10.64 billion litres, of which 7.40 billion metric tons litres of hydrous ethanol and 3.23 billion litres of anhydrous ethanol. In June, sales reached 2.68 billion litres, with 185.05 million litres destined for export and 2.50 billion litres for the domestic market.

As India is focusing on diversion of cane crush to ethanol production, India has so far around 29.5 crores of litres of ethanol have been supplied to oil manufacturing companies. A few months ago, the Centre approved incentives worth Rs 3,300 crore to help sugar mills boost ethanol production capacity. Since India is struggling to clear the sugar stocks due to higher price of sugar in India compared to other countries, it becomes necessary to opt ethanol production instead of sugar production in the coming season.

The widespread awareness of sugar consumption among the people is concerning the sugar industry adversely. The recent decision made by the big industries like Nestle to make sugar free chocolate bars to avoid excess sugar content usage. Although Nestle has cut down 32 per cent of table sugar in its products, especially on children's foods, between 2000 and 2013. Another change was made by FSSAI that proposed changes for the FMCG sector where the packaged food companies are to label high fat, sugar and salt content levels on the front side of the package with a code of "Red" colour which will depict the consumers that sugar consumption is harmful for health. However, this will reduce the consumption to lower levels in the coming season against this year.

Weekly Outlook:

Indian Sugar markets remained weak during last week. We expect sugar prices may trade steady due to no demand in the market. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2900–Rs 3150 per quintal for next week.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	Cont Dec(C1)						
Spot							

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume start.

Commodity		Change
Thai Sugar FOB 45 Icumsa	319.8	-2.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu July 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190725	12.12	12.2	11.93	12	-0.06	107,466	501,842	4,062
20-Mar	190725	13.09	13.15	12.94	12.98	-0.05	39,742	260,427	-461
20-May	190725	13.22	13.27	13.06	13.1	-0.05	11,996	63,448	1,837
20-Jul	190725	13.35	13.4	13.19	13.23	-0.05	7,377	50,724	1,047
20-Oct	190725	13.52	13.56	13.42	13.43	-0.04	3,833	38,816	655
21-Mar	190725	14.06	14.08	13.94	13.95	-0.05	1,403	22,803	125
21-May	190725	14.06	14.06	13.94	13.94	-0.05	104	3,831	33
21-Jul	190725	14.06	14.06	13.93	13.93	-0.05	15	3,315	3
Total Volume and Open Interest							171,941	947,290	7,306

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu July 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190725	321.8	323.7	319	320	-1.2	11,307	55,979	1,538
19-Dec	190725	331	334.2	329.5	330.5	-1	4,433	24,385	687
20-Mar	190725	343	345.1	340.8	341.7	-0.7	1,415	15,354	-44
20-May	190725	351.4	351.4	347.8	348.5	-0.9	566	4,655	-158
20-Aug	190725	360	360	355.7	356.6	-1.5	255	2,647	-6
Total Volume and Open Interest							18,139	104,385	2,166

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Jul-19	25-Jul-19	
Delhi	Delhi	M-Grade	3210	3220	-10
	Delhi	S-Grade	3190	3200	-10
Uttar Pradesh	Khatauli	M-Grade	3325	3325	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3240	3225	15
	Dhampur	S-Grade Ex-Mill	3220	3205	15
	Dhampur	L-Grade Ex-Mill	3290	3275	15
Maharashtra	Mumbai	M-Grade	3322	3322	Unch
	Mumbai	S-Grade	3222	3226	-4
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3155	3175	-20
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3030	3050	-20
Assam	Guhawati	S-Grade	3339	3360	-20
Meghalaya	Shillong	S-Grade	3350	3370	-20
Andhra Pradesh	Vijayawada	M-Grade	3560	3560	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3580	3580	Unch
Tamil Nadu	Chennai	S-Grade	3600	3580	20
	Dindigul	M-Grade	3540	3540	Unch
	Coimbatore	M-Grade	3520	3650	-130
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			26-Jul-19	25-Jul-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-

	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4200	4200	Unch
		White	NA	NA	-
		Black	3300	3300	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3200	3200	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3246	-
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	3600	3700	-100

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